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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
Forward-Looking Mechanism for High Cost Support for Non-Rural LECs.	)	CC Docket No. 97-160

PETITION FOR RECONSIDERATION

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December 18, 1998

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SUMMARY

The Commission should reconsider its decision to adopt a platform for a cost proxy model to determine high-cost funding for universal service.

The Commission adopted the model platform without meeting the Administrative Procedure Act requirement to give the public adequate notice and opportunity for comment. The Commission did not make available non-proprietary sources of "geocode" data to permit the parties to run the model and test its output. As a result, almost all parties stated that they could not provide meaningful analyses of the proposed model. Even the Joint Board complained, almost a month later, that the model was incomplete, and that this deficiency precluded a final decision that it should be used to distribute federal support for universal service.

The limited data on the record indicate that the model will not reliably identify service areas that require high cost support. Previous proxy models, which incorporate similar design features, vary considerably in the amount of support that they would target to each state. The Commission's model is likely to do the same, which raises questions about whether the results of any proxy model can be relied upon to accurately identify high cost areas. Moreover, the Commission's model platform is inherently incapable of identifying high cost areas at the wire center level, and may be usable, at best, only at the study area level.

Before the Commission adopts a proxy model, it must establish external criteria for evaluating the accuracy of a model, including the model's ability to match actual line

counts and loop lengths. So far, no model, including the Commission's, has been shown to meet this standard.

For these reasons, the Commission should withdraw its adoption of the model platform pending further analysis. In the interim, the Commission should adopt the Joint Board's suggestion to continue with the current high-cost funding mechanism if a model platform is not ready for adoption by July 1, 1999.

Finally, the Commission should make it clear that the proxy model is not usable for other purposes, such as determining the prices for unbundled network elements or access services. The model does not reflect the actual forward-looking costs of the local exchange carriers, and it is limited to a narrow range of services that only fit the definition of universal service.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	
Federal-State Joint Board on Universal Service	CC Docket No. 96-45
Forward-Looking Mechanism for High Cost Support for Non-Rural LECs	CC Docket No. 97-160

PETITION FOR RECONSIDERATION

Bell Atlantic[1] respectfully petitions for reconsideration of the Commission's decision in its Fifth Report and Order adopting the platform for a cost proxy model to determine the cost of providing universal service. The order is both procedurally and substantively deficient.

First, the Commission failed to meet the requirements of the Administrative Procedure Act, 5 U.S.C. § 553, to provide the public with notice and an adequate opportunity for comment. To this day, the Commission has not provided sufficient data to permit any party to analyze the model or to assess its impact on the distribution of

[1] The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; Bell Atlantic-West Virginia, Inc.; New York Telephone Company; and New England Telephone and Telegraph Company.

universal service support. Consequently, the record is devoid of any evidence that the model can reliably identify high cost areas. On reconsideration, the Commission should vacate its order endorsing the model platform. If it chooses to move forward with a cost proxy model, it should provide sufficient data to allow a meaningful opportunity for review and comment by interested parties.

Second, to the extent that any analysis is possible, it shows that the Commission's proxy model platform is inherently unreliable in identifying high-cost areas. For this reason, the Commission should reconsider its finding that the proxy model platform should be used to distribute support to non-rural carriers. At a minimum, the Commission should make it clear that any proxy model adopted for universal service cannot be used for any other purpose.

I. The Commission Has Not Provided Adequate Notice And Opportunity For Comment On The Model Platform.

The Administrative Procedure Act requires the Commission to provide notice of a proposed rule and a reasonable opportunity for interested parties to comment before the Commission adopts the rule. ***See*** 5 U.S.C. § 553(c). Such notice "must provide sufficient factual detail and rationale for the rule to permit interested parties to comment meaningfully." Florida Power & Light Co. v. United States, 846 F.2d 765, 771 (D.C. Cir. 1988, cert. denied 490 U.S. 1045 (1989); ***see also*** Senate Judiciary Committee, Administrative Procedure Act, S. Rep. No. 752, 77th Cong., 1st Sess. 14 (1945) ("Agency notice must be sufficient to fairly apprise interested parties of the issues involved, so that they may present responsive data or argument relating thereto"). This requirement is intended to guarantee that the "agency will have before it the facts and information relevant to a particular administrative problem." National Ass'n of Home Health Agencies v. Schweiker, 690 F.2d 932, 949 (D.C. Cir. 1982), cert. denied 459 U.S. 1205 (1983). The courts will vacate a rule where an agency fails to give adequate notice. ***See, e.g.,*** MCI Telecommunications Corp. v. FCC, 57 F.3d 1136 (D.C. Cir. 1995).

The Commission has utterly failed to meet the APA notice requirement in this proceeding, with the predictable result that the record does not contain any evidence that the Commission's proxy model platform can reliably identify high cost areas. This is exactly the type of arbitrary and capricious action that the APA was designed to prevent. For this reason, the Commission is compelled to reconsider its Fifth Report and Order and to withdraw its decision adopting a model platform. If the Commission intends to go forward with a cost proxy model, it should allow further notice and an opportunity for public comment before making any more conclusions about the efficacy of proxy models in general, or this model in particular, in determining universal service support.

In its comments on previous model platforms, including the Common Carrier Bureau's own "Hybrid Cost Proxy Model," Bell Atlantic demonstrated that there were large, and unexplainable, differences in the model outputs for each wire center, and that none of the models accurately reflected actual wire center line counts. ***See, e.g.,*** Bell Atlantic *ex parte* letter dated January 16, 1998, Still Not Ready for Prime Time: An Assessment of Initial Results from HCPM 2, HM 5.0, and BCPM 3.0 by Harold Ware, National Economic Research Associates. On August 7, 1998, the Common Carrier Bureau requested comments on a new outside plant module that was a synthesis of selected features of the other models. ***See*** Public Notice, DA 98-1587 (rel. Aug. 7, 1998). This module was posted on the Commission's Web site together with surrogate "geocode" test data on the latitude and longitude of customer locations in the state of Maryland.

Because the test data were so limited, and did not include actual geocode data for any state, the parties could not analyze the module on more than a theoretical basis. Since Maryland is in the Bell Atlantic footprint, only Bell Atlantic could run the model with the Commission's test data for Maryland and compare it to actual data on line counts and loop lengths for the same wire centers. Bell Atlantic's analysis showed unexplainable variations between model results and actual data at the wire center level of as much as 100 percent. ***See*** Bell Atlantic Comments at 5-7. During subsequent briefings on the model that the Commission's staff conducted with members of the industry, the staff dismissed Bell Atlantic's analysis as irrelevant, since the Commission's Maryland test data were not actual customer geocode locations, but "surrogate" geocode locations based on random distributions of customers throughout the wire centers. However, this merely proved our point – the Commission's failure to make actual geocode data available has prevented the parties from conducting definitive analyses of the model. As Bell Atlantic pointed out in its comments, it is impossible to determine whether accurate geocode data would improve, or for that matter change, the results. ***See*** Bell Atlantic Reply Comments at 2. For these reasons, most commenters agreed with Bell Atlantic that the Commission should not adopt this module for the proxy model platform without providing sufficient data so that the parties could determine if the model produces reasonable results. ***See, e.g.,*** AT&T Comments at 2, Reply Comments at 6-7; Joint Reply Comments of BellSouth, US West, and Sprint at 4; Bell Atlantic Reply Comments at 3-4; GTE Comments at 3-4; MCI Comments at 4-5.

Nonetheless, in the Fifth Report and Order, the Commission adopted this module, together with the HAI switching and interoffice facilities modules, as the platform for the cost proxy model. As a result, the Commission has now adopted a model without any evidence in the record establishing the model's accuracy, and without any idea how the model affects the distribution of universal service funds among the states. Almost a month after the Commission adopted the model, the fact that there still were insufficient data on the record to run the model prevented the Joint Board from providing more than tentative responses to the Commission's request for recommendations on the method of funding high cost areas. ***See*** Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Second Recommended Decision, ¶ 28 (rel. Nov. 25, 1998) ("Second Recommended Decision"). The Joint Board found that the model was "incomplete," and that "significant uncertainties need to be eliminated before a model can serve as the basis for federal support distributions." Id., ¶ 29. These uncertainties exist precisely because the Commission adopted the model without providing sufficient information to allow meaningful analysis and comment.

At this point, almost two months after the Fifth Report and Order was released, there still are insufficient data on the record to evaluate the model. Contrary to the Commission's finding in the order, the actual geocode data maintained by PNR Associates are not available for review. ***See*** Fifth Report and Order, ¶ 34. PNR holds these data as proprietary, and allows third parties to view the data only on PNR's premises, using PNR's computers, at an expense of $3,000 per computer, per day. ***See*** Bell Atlantic *ex parte* letter dated November 20, 1998. This makes it very difficult to run the Commission's model using PNR's data, and almost impossible to determine the accuracy of the PNR database. Because these data are proprietary, the Joint Board found that the model fails to meet the Commission's own criterion for "openness," and it recommended that the Commission not adopt a model as a basis for distributing universal service support until "data are sufficiently open and available for testing and comment."[2]

Moreover, the Commission's model is moving target. In the Fifth Report and Order, the Commission delegated authority to the Common Carrier Bureau to make further changes in the model. ***See*** Fifth Report and Order, ¶ 80. The bureau has made several modifications already, and is continually posting changes on the Commission's Web site. ***See*** Public Notice, DA 98-2533 (rel. Dec. 15, 1998). However, posting such changes on the Internet does not meet the Administrative Procedure Act requirement that proposed rules be published in the Federal Register, with an opportunity for public comment. ***See*** 47 U.S.C. § 553(b), (c). With the model in a constant state of flux, it is impossible for the public to provide meaningful analysis of the model's design and impact.

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[2] Second Recommended Decision, ¶ 29. This reliance on proprietary data also contradicts the Commission's stated reason for rejecting the Benchmark Cost Proxy Model switching module for its reliance on "proprietary" Bellcore costing models. ***See*** Fifth Report and Order, ¶ 78.

The Commission should reconsider and vacate its decision to adopt the proxy model platform. As urged by the commenters and the Joint Board, the Commission should allow a meaningful opportunity for public comment on the proxy model platform after it has provided sufficient input data from non-proprietary sources to permit meaningful analysis and comment.

II. The Limited Analysis That Is Possible On The Current Record Provides No Assurance That The Commission's Proxy Model Platform Will Produce Reliable Results.

The Commission should reconsider its adoption of a model platform as a substantive matter, because the current record does not indicate that the model will accurately identify high cost areas. While there are insufficient data to determine the amount of support that would be produced by the Commission's model, there is every reason to believe, based on the results of other proxy models that reflect similar approaches, that the Commission's model would shift large amounts of support from state to state. A "hold harmless" principle would protect some states from reductions in current support levels, but it would merely paper over the more critical question of whether the model identifies states that are truly "high cost." The evidence in the record so far casts serious doubt on this score.

Last May, Bell Atlantic demonstrated that the Hatfield model and the Benchmark Cost Proxy Model ("BCPM") often differed by more than 100 percent in the amount of universal service support that each would target to individual states.[3] In addition, the models would withdraw support from states that receive it today and redirect it to other states. Bell Atlantic has recalculated the previous data to include only large, non-rural telephone companies and to determine the effect of using cost benchmarks, rather than revenue benchmarks, as recently recommended by the Joint Board. ***See*** Second Recommended Decision, ¶ 43. As is shown in the Attachment, both models would increase high cost support by from two to four times current levels, and they continue to differ greatly in the amount of support that they would direct to each state.[4] The Commission's model platform is similar to these models in many respects, and it incorporates the Hatfield switching and interoffice modules. This raises legitimate questions about whether the Commission's model platform would also produce large increases in funding levels, and whether the differences in the results for each state reflect meaningful cost differences or merely arbitrary results of using different model assumptions.

In addition, the model is inherently incapable of meeting the Commission's own goal of calculating costs accurately at the wire center level, and may be usable, at best,

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[3] ***See*** Comments of Bell Atlantic on New Proposals at 2, Exhibit 2 (filed May 15, 1998). In this exhibit, universal service support included the current high-cost, local switching support, and long term support mechanisms. In addition, it included total funding for both rural and non-rural telephone companies.

[4] If the Commission adopted its "hold harmless" principle, as the Joint Board also recommended, under which no state would receive less support than it currently receives regardless of the model results, it would produce an additional increase in the size of the high-cost fund using these models. ***See*** Fifth Report and Order, Statement of Commissioner Harold Furchgott-Roth Dissenting in Part, p. 3.

only at the study area level. ***See, e.g.,*** Joint Sponsors at A-14; Bell Atlantic Reply Comments at 2-3. The model takes too few geographic factors into account, and completely ignores major factors that constrain the routing and construction of outside plant such as roads, rivers, mountains, and rights of way. The model attempts to compensate for these shortcomings by either using a "road factor" to attempt to convert "as the crow flies" distances to actual route distances, or by using a "rectilinear" routing pattern for the feeder network to try to approximate actual loop lengths. ***See*** Hybrid Cost Proxy Model documentation, p. 15. While either approach may approximate actual loop lengths at a high level of aggregation, neither is likely to be accurate at the wire center level. In any given wire center, the "road factor" will either overstate or understate the natural obstacles to direct routings. Similarly, the so-called rectilinear approach, which runs feeder in north/south and east/west directions, will overstate loop lengths in wire centers with roads and rights of way that run diagonally, and will understate loop lengths where natural obstacles require more circuitous routings.

The Commission should withdraw its adoption of the model platform, which has neither been tested nor validated, and which is likely to produce arbitrary shifts in support among states similar to previous proxy models. As the Joint Board noted, the Commission can use the current method for identifying high costs states on July 1, 1999 to implement the recommended changes to high cost fund for non-rural carriers. ***See*** Second Recommended Decision, ¶ 29. The current high cost funding mechanism, which identifies high cost states using the local exchange carriers' actual study area costs, reflects "in a consistent manner, each state's ability to use its own resources to address its universal service needs." Id., ¶ 36. There is no need to graft an untested proxy model onto this process.

III. The Commission Should Clarify Its Standards For Establishing The Validity Of A Cost Proxy Model.

In the Fifth Report and Order, the Commission's rejected the view that "the models' outside plant design parameters should be verified by comparing the design of the model networks in specific locations to the design of incumbent LECs' existing plant in those locations in all cases." Fifth Report and Order, ¶ 66, n. 118. This directly conflicts with the requirements established in the Commission's own prior orders. Consequently, on reconsideration, the Commission should make it clear that one of the tests of the validity of any cost model will be the correlation between the output of the model and actual data.

In the Universal Service Order, the Commission decided that any cost proxy model must meet certain criteria, including the requirement that "[w]ire center line counts should equal actual ILEC wire center line counts, and the study's or model's average loop length should reflect the incumbent carrier's actual average loop length." Universal Service Order, 12 FCC Rcd 8776, ¶ 250 (1997). In the subsequent proceeding to evaluate cost proxy models, the Commission reiterated that a proxy model's algorithms "should produce estimates that are accurate enough to avoid the need for a large closing factor to force the line-count estimate to match the wire center line count." Forward-Looking Mechanism for High Cost Support for Non-Rural LECs, 12 FCC Rcd 18514, ¶ 53 (1997). The Commission has articulated no reason for abandoning these criteria.

While a forward-looking design of outside plant may differ from the existing network, the number of lines served out of a wire center should be the same, and model loop lengths should correlate with actual loop lengths, which reflect available rights of way and natural obstacles. As is noted above, the surrogate data that the Commission released for the state of Maryland showed that the Commission's model does a poor job of matching actual line counts and loop lengths.

It is critical that the Commission establish some type of external criteria to validate the accuracy of a cost proxy model. A model cannot validate itself. While the model design may differ from the existing network, it has to represent a network that could actually be built, to serve customers that actually exist. Without some link to reality, there is no way of distinguishing an accurate model from an inaccurate one.

For these reasons, the Commission should confirm its previous findings that a cost proxy model must be capable of providing a reasonably close match with actual line counts and loop lengths in each wire center, or establish some other external tests of the validity of the model's outputs.

IV. The Commission Should Make It Clear That Any Cost Proxy Model Adopted For Universal Service Is Not Usable For Any Other Purpose.

The Commission notes that it has not evaluated the proxy model platform for any use other than for determining universal service support for non-rural carriers, and that the switching module in particular is less important for determining universal service support than it would be for a model used to determine, for example, unbundled network element switching and transport costs. Fifth Report and Order, ¶¶ 12, 75. On reconsideration, the Commission should make it perfectly clear that any proxy model platform it may adopt for universal service is not usable for any other purpose. ***See*** Fifth Report and Order, Statement of Commissioner Harold Furchgott-Roth Dissenting in Part, p. 4. The Commission's endorsement of a proxy model is likely to be misused in state proceedings unless the Commission clearly states that the model has only limited applicability.

The Commission's proxy platform cannot be used to determine the rates for unbundled network elements or access services. The model does not reflect the actual forward-looking costs of either the incumbent local exchange carriers or new entrants. Rather, it represents the purely hypothetical, and entirely unrealistic, costs of constructing a brand new network, from scratch, to provide a basic package of residential and single line business telephone service to 100 percent of current demand. No incumbent local exchange carrier operates such a network, and no new entrant would be able to achieve the economies of scale that are implied by the model's assumption of a single monopoly provider. Moreover, the model does not include the cost of providing vertical features, advanced services such digital subscriber line services or integrated services digital network services, data transmission, or investments for future growth. If used for pricing purposes, the model would not allow local exchange carriers a reasonable opportunity to recover their costs of providing access services, and it would not represent the "cost" that an incumbent local exchange carrier incurs to provide unbundled network elements. ***See*** 47 U.S.C. § 252(d)(1)(A). If the Commission adheres to the proxy model approach for universal service funding, the Commission should make it clear that the model has no relevance for any other purpose.

V. Conclusion

On reconsideration, the Commission should withdraw its adoption of a cost proxy model platform.

Respectfully submitted,

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Dated: December 18, 1998

Attachment

Comparison of BCPM 3.1 and HAI 5.0A Results with USAC 4th Qtr. Support for Large/Non-rural Holding Cos.

	Total Annual High Cost, LTS and LSS	BCPM Cost above 115% of Average Large Company	HAI Cost above 115% Average Large Company
AK	$1,049,088	$0	$0
AL	$17,507,460	$155,022,975	$141,027,950
AR	$33,569,712	$182,839,005	$105,873,256
AZ	$4,197,540	$0	$0
CA	$11,050,188	$36,484,332	$24,604,198
CO	$4,197,660	$2,165,312	$2,560,875
CT	$0	$0	$0
DC	$0	$0	$0
DE	$0	$0	$0
FL	$5,973,636	$26,676,900	$21,075,527
GA	$23,890,512	$88,243,293	$74,559,874
HI	$0	$0	$0
IA	$1,576,152	$105,764,316	$80,935,320
ID	$11,615,184	$29,838,247	$17,209,006
IL	$4,842,060	$162,479,508	$100,318,788
IN	$652,368	$96,373,199	$58,581,001
KS	$18,148,308	$54,749,239	$55,547,053
KY	$13,231,992	$114,931,024	$63,808,897
LA	$2,198,040	$0	$0
MA	$0	$0	$0
MD	$0	$0	$0
ME	$103,260	$24,708,558	$33,127,203
MI	$3,059,928	$113,631,995	$63,777,372
MN	$3,877,620	$83,059,716	$68,353,683
MO	$21,867,864	$203,607,483	$144,197,865
MS	$11,238,204	$205,775,741	$141,644,937
MT	$1,287,072	$26,588,186	$13,934,883
NC	$17,981,688	$136,948,133	$195,321,192
ND	$0	$3,272,794	$4,000,228
NE	$832,860	$41,126,376	$78,043,309
NH	$743,232	$0	$1,288,157
NJ	$1,918,128	$0	$706,756
NM	$8,405,424	$4,393,028	$24,126,685
NV	$1,820,364	$2,796,174	$8,778,379
NY	$4,656,588	$7,477,835	$10,241,606
OH	$144,120	$154,097,406	$110,422,965
OK	$14,450,388	$75,739,170	$55,099,890
OR	$1,793,244	$16,315,043	$15,291,152
PA	$3,499,140	$83,066,439	$69,398,601
PR	$139,593,060	$0	$23,292,335
RI	$0	$0	$0
SC	$15,556,212	$35,512,097	$19,754,141
SD	$0	$14,054,286	$9,702,367
TN	$0	$8,554,563	$9,593,756
TX	$31,871,940	$91,779,644	$139,184,808
UT	$0	$0	$0
VA	$4,198,440	$112,174,203	$82,967,635
VT	$1,918,416	$28,002,586	$17,986,485
WA	$2,922,936	$14,245,269	$20,073,263
WI	$2,210,868	$120,771,013	$60,249,601
WV	$2,088,732	$102,530,472	$82,352,895
WY	$4,635,480	$21,665,450	$29,287,031
Grand Total	$456,375,108	$2,787,461,009	$2,278,300,926

Average Monthly Cost	$31.97	$18.04
115% of Average Monthly Cost	$36.77	$20.75

The following companies were classified as large/non-rural companies:
Alliant, Alltel, Ameritech,Anchorage Tel, Bell Atlantic, Bellsouth, Cincinnati Bell, Frontier, GTE, North State, PRTC, Roseville, SNET, Southwestern Bell, Sprint/United & US West.

The Average Monthly Costs are for "large companies" only and exclude small/rural companies.

Comparison was calculated at the study area for each of the large/non-rural operating companies within each state.

The benchmark is for non-rural local telephone companies only. A nationwide benchmark would produce a smaller fund.

Attachment

Comparison of BCPM 3.1 and HAI 5.0a Results with USAC 4th Qtr. Support for Large/Non-rural Holding Cos.

	Total Annual High Cost, LTS and LSS	BCPM Cost above 150% of Average Large Company	HAI Cost above 150% Average Large Company
AK	$1,049,088	$0	$0
AL	$17,507,460	$50,331,445	$48,057,825
AR	$33,569,712	$73,751,105	$63,989,157
AZ	$4,197,540	$0	$0
CA	$11,050,188	$0	$189,193
CO	$4,197,660	$1,836,058	$2,324,250
CT	$0	$0	$0
DC	$0	$0	$0
DE	$0	$0	$0
FL	$5,973,636	$15,817,811	$15,182,921
GA	$23,890,512	$26,304,898	$43,458,035
HI	$0	$0	$0
IA	$1,576,152	$70,240,676	$56,724,001
ID	$11,615,184	$4,543,361	$3,714,540
IL	$4,842,060	$41,571,825	$34,771,392
IN	$652,368	$24,953,353	$26,234,287
KS	$18,148,308	$34,613,550	$45,220,359
KY	$13,231,992	$24,143,941	$13,804,434
LA	$2,198,040	$0	$0
MA	$0	$0	$0
MD	$0	$0	$0
ME	$103,260	$0	$0
MI	$3,059,928	$9,921,760	$8,457,401
MN	$3,877,620	$37,038,301	$40,528,779
MO	$21,867,864	$112,161,192	$92,711,749
MS	$11,238,204	$43,355,487	$51,933,925
MT	$1,287,072	$0	$0
NC	$17,981,688	$15,127,563	$76,300,937
ND	$0	$0	$0
NE	$832,860	$5,959,513	$18,038,215
NH	$743,232	$0	$0
NJ	$1,918,128	$0	$0
NM	$8,405,424	$0	$15,977,595
NV	$1,820,364	$0	$328,784
NY	$4,656,588	$3,205,178	$3,857,130
OH	$144,120	$359,793	$3,498,629
OK	$14,450,388	$16,503,964	$17,094,324
OR	$1,793,244	$5,799,710	$9,057,049
PA	$3,499,140	$13,805,902	$21,114,589
PR	$139,593,060	$0	$0
RI	$0	$0	$0
SC	$15,556,212	$357,212	$3,232,820
SD	$0	$0	$0
TN	$0	$0	$0
TX	$31,871,940	$31,117,442	$85,226,246
UT	$0	$0	$0
VA	$4,198,440	$11,580,467	$33,299,289
VT	$1,918,416	$0	$0
WA	$2,922,936	$4,375,018	$8,174,319
WI	$2,210,868	$48,735,402	$22,715,197
WV	$2,088,732	$0	$24,550,140
WY	$4,635,480	$1,375,638	$11,467,011
Grand Total	$456,375,108	$728,887,562	$901,234,523

Average Monthly Cost	$31.97	$18.04
150% of Average Montly Cost	$47.96	$27.06

The following companies were classified as large/non-rural companies:
Alliant, Alltel, Ameritech,Anchorage Tel, Bell Atlantic, Bellsouth, Cincinnati Bell, Frontier, GTE, North State, PRTC, Roseville, SNET, Southwestern Bell, Sprint/United & US West.

Average Monthly Costs are for "large companies" only and exclude small/rural com

Comparison was calculated at the study area for each of the large/non-rural operating companies within each state.

The benchmark is for non-rural local telephone companies only. A nationwide benchmark would produce a smaller fund.

CERTIFICATE OF SERVICE

I hereby certify that on this 18th day of December, 1998, a copy of the foregoing "Petition for Reconsideration" was sent by first class mail, postage prepaid, to the parties on the attached list.

Jennifer L. Hoh

Jennifer L. Hoh

* Via hand delivery.

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